THE HON'BLE MR JUSTICE L.NARASIMHA REDDY

-

WRIT PETITION No.1541 of 2006

-

Dated: 30.01.2006

Between:

M.V. Siva Kumar, S/o. M. Nageswar Rao,
R/o. Tangellamudi, Eluru, West Godavari District.

.....PETITIONERS

AND

Andhra Pradesh State Financial Corporation,

Chirag Ali Lane, Hyderabad, represented by its

Assistant General Manager.

.....RESPONDENT

THE HON'BLE SRI JUSTICE L.NARASIMHA REDDY

-

WRIT PETITION No. 1541 of 2006

ORDER:

The petitioners are partners of M/S Sai Prasanna Industries, Tangellamudi. The said industry obtained a loan from the Andhra Pradesh State Financial Corporation, respondent herein. The petitioners have offered their land in Sy.No.117/3 of Tangellamudi village, Eluru Mandal, as collateral security, for the repayment of the loan. Since there was default in repayment of the loan, the respondent sought to

bring the collateral security, to sale. Accordingly, a notification was issued on 24.11.2005, inviting tenders for sale of the property offered as collateral security by the petitioners. The property was indicated at item No.34 of Category-VII in the said notification.

The petitioners state that even according to the terms of the notice, the respondent is under obligation to wait till the expiry of 90 days, before finalization of the tender, but contrary to the same, it is proceeding to finalise the tenders received in respect of the said item of the property.

Heard the learned counsel for the petitioners and the learned Standing Counsel for the respondent.

It is true that Clause (2) of the tender notice is to the effect that the notice would remain in force for 90 days. However, in the same clause it was made clear that in case satisfactory bids are received in respect of any item of the property within 90 days, it shall be open to them to finalise the same. To protect the interests of the owners of the property or the principal borrowers, the respondent had indicated several measures. One of them is that where any tender is proposed to be finalized before expiry of 90 days, the particulars of such tender would be displayed in the notice board of the local office, for a period of seven days, and it shall be open not only to the owner of such property, but also to the outsiders, to offer a bid for a sum exceeding 15 percent over and above, what is quoted in the concerned tender.

For instance, if a tender is received by the respondent for an item of property for a sum of Rs.1,00,000/-, and the particulars thereof are displayed in the notice board, the owner of the property or a third party can make fresh offer, if only it is for a sum exceeding Rs.1,15,000/-, and not otherwise.

In the instant case, the learned Standing Counsel, on instructions, submits that the respondent-Corporation received a tender for Rs.43,20,000/- for the item of the property in question and that the particulars thereof have been displayed in the

notice board. It is further stated that the seven days time would expire on 02.02.2006. This being the case, the petitioners can certainly approach the respondent with bidders or tenderers offering the sum of atleast 15 percent above Rs.43,20,000/-, and in such an event, the respondent is under obligation to accept the same. This Court is not inclined to accept the contention of the petitioners that the tender can be finalized only after expiry of 90 days, stipulated in the tender notice. The said stipulation is for the benefit of the Corporation, to enable it to keep the offers alive, instead of issuing repeated notifications, one after the other.

For the foregoing reasons, the writ petition is disposed of, leaving it open to the petitioners to avail the benefit of Condition No.5 of the tender notice. Inasmuch as only three days are left for availing that benefit, it is directed that the respondent shall wait till 06.02.2005, in the matter of finalisation of the sale. If the respondent does not receive any offer on behalf of the petitioners or any other third parties upto 4'O clock on that day, as per clause 5, it shall be open to the respondent to finalise the bid received by it. There shall be no order as to costs.

_____

30.01.2006

sh